

Spring Lake Township
Ottawa County, Michigan

FINANCIAL STATEMENTS

Year ended March 31, 2018

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INDEPENDENT AUDITOR'S REPORT

Township Board of Trustees
Spring Lake Township, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Spring Lake Township, Michigan, as of and for the year ended March 31, 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, as listed in the contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Spring Lake Township, Michigan, as of March 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required supplementary information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the schedule of funding progress for the postemployment healthcare plan, as listed in the contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Spring Lake Township, Michigan's basic financial statements. The combining nonmajor governmental fund financial statements and schedules of debt retirement and annual interest requirements and are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor governmental fund financial statements and schedules of debt retirement and annual interest requirements (supplementary information) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Siegfried Crandall P.C.

July 10, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Spring Lake Township's (the Township) financial performance provides a narrative overview of the Township's financial activities for the fiscal year ended March 31, 2018. Please read it in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

- The Township's total net position increased by \$526,941 (2 percent) as a result of this year's activities. The net position of the governmental activities increased by \$341,674, and the net position of the business-type activities increased by \$185,267.
- Of the \$25,350,062 total net position reported, \$6,161,288 (24 percent) is available to be used at the Board's discretion, without constraints established by debt covenants, enabling legislation, or other legal requirements.
- The General Fund's unassigned fund balance at the end of the fiscal year was \$1,383,956, which represents 61 percent of the actual total General Fund expenditures for the current fiscal year.

Overview of the financial statements

The Township's annual report is comprised of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and an optional section that presents combining statements and additional information. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Township government, reporting the Township's operations in more detail than the government-wide financial statements.
 - Governmental funds statements explain how general government services, like public safety, were financed in the short-term, as well as what remains for future spending.
 - Proprietary funds statements offer short-term and long-term financial information about the activities the government operates like a business, such as the sewer and water systems.
 - Fiduciary funds statements provide information about the financial relationships in which the Township acts solely as an agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by sections of required supplementary information and other supplementary information that further explain and support the information in the financial statements.

A comparative analysis of the government-wide financial statements for 2018 and 2017 is also presented.

Government-wide financial statements

The government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Township's assets and deferred outflows of resources, and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide statements report the Township's net position and how it has changed. Net position (the difference between the Township's assets and deferred outflows of resources, and liabilities) is one way to measure the Township's financial health, or position.

- Over time, increases or decreases in the Township's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township, you need to consider additional nonfinancial factors, such as changes in the Township's property tax base and the condition of the Township's capital assets.

The government-wide financial statements are divided into two categories:

- *Governmental activities* - Most of the Township's basic services are included here, such as fire protection and general government. Property taxes and state grants finance most of these activities.
- *Business-type activities* - The Township charges fees to customers to help it cover the costs of certain services it provides. The Township's sewer and water systems are reported here.

Fund financial statements

The fund financial statements provide more detailed information about the Township's most significant funds - not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and by bond agreements.
- The Township Board establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and other revenues (like property taxes collected to improve and maintain the Township's bike paths).

The Township has three types of funds:

- *Governmental funds.* Most of the Township's basic services are included in its governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flows in and out, and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information that explains the relationship between them.
- *Proprietary funds.* Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds statements, like the government-wide statements, provide both long-term and short-term financial information. In fact, the Township's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows.
- *Fiduciary funds.* These funds are used to account for the collection and disbursement of resources, primarily taxes, for the benefit of parties outside the Township. The Township is responsible for ensuring that the assets reported in the fiduciary funds are used for their intended purposes. The Township's fiduciary balances are reported in a separate Statement of Assets and Liabilities. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net position

Total net position at the end of the fiscal year was \$25,350,062. Of this total, \$17,869,913 represents a net investment in capital assets and \$1,318,861 is restricted for various purposes. Consequently, unrestricted net position was \$6,161,288 or 24 percent of the total.

Condensed financial information

Net position

| | Governmental activities | | Business-type activities | | Totals | |
|-------------------------------------|----------------------------|---------------|-----------------------------|---------------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Current and other assets | \$ 3,784,824 | \$ 3,099,963 | \$ 4,439,323 | \$ 3,894,600 | \$ 8,224,147 | \$ 6,994,563 |
| Capital assets | 11,426,909 | 11,814,777 | 17,811,696 | 18,557,805 | 29,238,605 | 30,372,582 |
| Total assets | 15,211,733 | 14,914,740 | 22,251,019 | 22,452,405 | 37,462,752 | 37,367,145 |
| Deferred charge on refunding | - | - | 11,096 | 14,795 | 11,096 | 14,795 |
| Current and other liabilities | 497,526 | 390,860 | 246,472 | 315,635 | 743,998 | 706,495 |
| Long-term debt | 3,340,371 | 3,491,718 | 7,618,354 | 7,913,227 | 10,958,725 | 11,404,945 |
| Total liabilities | 3,837,897 | 3,882,578 | 7,864,826 | 8,228,862 | 11,702,723 | 12,111,440 |
| Net position: | | | | | | |
| Net investment in capital assets | 8,086,538 | 8,323,059 | 9,783,375 | 10,211,994 | 17,869,913 | 18,535,053 |
| Restricted | 1,318,861 | 834,960 | - | - | 1,318,861 | 834,960 |
| Unrestricted | 1,968,437 | 1,874,143 | 4,192,851 | 3,578,965 | 6,161,288 | 5,453,108 |
| Total net position | \$ 11,373,836 | \$ 11,032,162 | \$ 13,976,226 | \$ 13,790,959 | \$ 25,350,062 | \$ 24,823,121 |

Changes in net position

The Township's total revenues amounted to \$8,330,842 in the current year compared to \$8,440,405 in the prior year. More than 56 percent of the Township's revenues comes from charges for services. Property taxes and state shared revenue represent 18 and 12 percent of the Township's total revenues, respectively.

The total cost of the Township's programs, covering a wide range of services, totaled \$7,803,901 in the current year compared to \$7,744,228 in the prior year. Nearly 46 percent of the Township's costs relates to the provision of sewer and water utility services. Public safety expenses represent 15 percent of the Township's total costs, while recreation and culture expenses accounted for 18 percent of the total, in the current year.

Condensed financial information
Changes in net position

| | Governmental activities | | Business-type activities | | Totals | |
|------------------------------------|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Program revenues: | | | | | | |
| Charges for services | \$ 1,639,082 | \$ 1,518,398 | \$ 3,038,762 | \$ 2,757,656 | \$ 4,677,844 | \$ 4,276,054 |
| Operating grants and contributions | 33,799 | 20,256 | 220,437 | 295,511 | 254,236 | 315,767 |
| Capital grants and contributions | 80,315 | 178,247 | 437,676 | 413,303 | 517,991 | 591,550 |
| General revenues: | | | | | | |
| Property taxes | 1,493,425 | 1,393,069 | - | - | 1,493,425 | 1,393,069 |
| State shared revenue | 1,017,175 | 982,760 | - | - | 1,017,175 | 982,760 |
| Franchise fees | 211,855 | 215,441 | - | - | 211,855 | 215,441 |
| Unrestricted interest | 11,911 | 29,874 | 58,411 | 50,595 | 70,322 | 80,469 |
| Gain on sale of capital assets | - | 470,354 | 14,631 | 15,967 | 14,631 | 486,321 |
| Other | 73,363 | 98,974 | - | - | 73,363 | 98,974 |
| Total revenues | <u>4,560,925</u> | <u>4,907,373</u> | <u>3,769,917</u> | <u>3,533,032</u> | <u>8,330,842</u> | <u>8,440,405</u> |
| Expenses: | | | | | | |
| General government | 848,661 | 834,975 | - | - | 848,661 | 834,975 |
| Public safety | 1,139,106 | 1,099,411 | - | - | 1,139,106 | 1,099,411 |
| Public works | 355,633 | 260,828 | - | - | 355,633 | 260,828 |
| Community and economic development | 212,520 | 178,562 | - | - | 212,520 | 178,562 |
| Health and welfare | 173,886 | 171,434 | - | - | 173,886 | 171,434 |
| Recreation and culture | 1,386,217 | 1,282,759 | - | - | 1,386,217 | 1,282,759 |
| Interest on long-term debt | 103,228 | 107,578 | - | - | 103,228 | 107,578 |
| Sewer | - | - | 1,685,294 | 1,950,584 | 1,685,294 | 1,950,584 |
| Water | - | - | 1,899,356 | 1,858,097 | 1,899,356 | 1,858,097 |
| Total expenses | <u>4,219,251</u> | <u>3,935,547</u> | <u>3,584,650</u> | <u>3,808,681</u> | <u>7,803,901</u> | <u>7,744,228</u> |
| Changes in net position | <u>341,674</u> | <u>971,826</u> | <u>185,267</u> | <u>(275,649)</u> | <u>526,941</u> | <u>696,177</u> |
| Net position, end of year | <u>\$ 11,373,836</u> | <u>\$ 11,032,162</u> | <u>\$ 13,976,226</u> | <u>\$ 13,790,959</u> | <u>\$ 25,350,062</u> | <u>\$ 24,823,121</u> |

Governmental activities

Governmental activities increased the Township's net position by \$341,674 in the current year compared to an increase of \$971,826 in the prior year. Revenues decreased by \$346,448, and expenses increased by \$283,704, causing the lower increase in net position in the current year. The decrease in revenues was primarily the result of the recognition of a substantial gain from assets sales, in the amount of \$470,354, in the prior year. Expenses increased due to a \$103,458 increase in recreation and culture expenses, associated with an increase in personnel costs, and a \$94,805 increase in public works expenses, related to an increase in street paving costs in the current year.

The total cost of governmental activities this year was \$4,219,251. After subtracting the direct charges to those who directly benefited from the programs (\$1,639,082), operating grants (\$33,799), and capital grants (\$80,315), the "public benefit" portion covered by property taxes, state revenue sharing, and other general revenues was \$2,466,055.

Business-type activities

Business-type activities increased the Township's net position by \$185,267 in the current year compared to a \$275,649 decrease in the prior year. Revenues increased by \$236,885, and expenses decreased by \$224,031, causing the increase in net position in the current year. Revenues increased due to a \$281,106 increase in charges for services, due to an increase in rates. Expenses were lower due to a reduction in system operation and maintenance costs.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

Governmental funds

At March 31, 2018, the Township's governmental funds reported combined ending fund balances of \$3,508,275, an increase of \$740,381 in comparison with the prior year.

The General Fund is the primary operating fund of the Township. At March 31, 2018, total fund balance was \$1,440,902 of which \$1,383,956 was unassigned. Fund balance increased as revenues of \$2,484,875 were sufficient to cover expenditures of \$2,256,840 in the current year.

The Fire Fund, a special revenue fund, established to account for the use of a township-wide special assessment district to finance fire protection costs, has a fund balance at year end of \$548,671, which represents an increase of \$91,228. Revenues, in the amount of \$826,157 (primarily assessments), were sufficient to cover the costs of the fire department in the current year, which amounted to \$559,929. The fund also transferred \$175,000 to the Fire Replacement Capital Project Fund to support Fire Department capital acquisitions.

The Harbor Transit Fund, a special revenue fund, accounts for property taxes levied by the Township, which are provided to the Harbor Transit Authority. Taxes levied, in the amount of \$408,049, are paid to the Authority; therefore, the fund has no fund balance.

Proprietary funds

The Sewer Fund experienced an operating loss, in the amount of \$401,697, as rates are not set to cover the full cost of operations, which includes depreciation expense, which amounted to \$452,443 in the current year. However, due to net nonoperating revenues (\$349,431) and capital contributions (\$65,795), net position increased by \$13,529 during the year. Total net position is \$6,258,765 at year end, of which \$577,661 is unrestricted.

The Water Fund experienced an increase in net position of \$171,738, as revenues exceeded expenses, including depreciation (\$489,001) and interest (\$215,762), in the current year. Total net position is \$7,717,461 at year end, of which \$3,615,190 is unrestricted.

General Fund budgetary highlights

The Township amended the budget of the General Fund to reflect changes in anticipated revenue and expenditure levels. Total budgeted revenues were increased by \$207,200 to reflect revenues that were more than originally anticipated, including \$73,800 for local community stabilization share revenue. Total budgeted expenditures were increased by \$301,800, including a \$104,700 increase in general government expenditures, as administration costs were higher than anticipated, and a \$58,250 increase in capital outlay expenditures associated with costs that were not included in the original budget.

Total revenues were \$139,275 more than budgeted, primarily because state shared revenue was \$87,217 higher than expected.

Total expenditures were \$183,360 less than the amounts appropriated as every functional area was less than appropriated. The largest variance related to the general government function, which was \$90,799 under budget, primarily because cemetery costs were \$40,524 less than anticipated.

These variances resulted in a \$322,635 positive budget variance, due to a \$228,035 increase in fund balance compared to a budgeted decrease of \$94,600.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

At March 31, 2018, the Township's net investment in capital assets amounts to \$29,238,605 (net of accumulated depreciation). Governmental capital assets amount to \$11,426,909 and business-type capital assets totaled \$17,811,696. These investments include a broad range of assets, including land, buildings, equipment, and sewer and water infrastructure.

| | <i>Governmental activities</i> | <i>Business-type activities</i> | <i>Totals</i> |
|----------------------------|------------------------------------|-------------------------------------|-----------------------------|
| Land | \$ 1,946,989 | \$ 50,900 | \$ 1,997,889 |
| Construction in progress | 406,477 | - | 406,477 |
| Land improvements | 3,150,559 | - | 3,150,559 |
| Utility infrastructure | - | 16,879,233 | 16,879,233 |
| Buildings and improvements | 4,725,053 | 168,381 | 4,893,434 |
| Machinery and equipment | <u>1,197,831</u> | <u>713,182</u> | <u>1,911,013</u> |
| Totals | <u>\$ 11,426,909</u> | <u>\$ 17,811,696</u> | <u>\$ 29,238,605</u> |

The major capital asset events during the current fiscal year included the following:

- Water system improvements amounted to \$136,632
- A vacuum excavator was purchased at a cost of \$58,703
- A Ford Explorer was acquired at a cost of \$40,046

More detailed information about the Township's capital assets is presented in Note 5 of the notes to the basic financial statements.

Debt

At the end of the fiscal year, the Township had total long-term bonds and contracts outstanding in the amount of \$10,958,725, compared to a total of \$11,404,945 at the end of the prior year. The Township's full faith and credit has been pledged to repay all long-term debt.

The Township did not issue debt during the current year. Long-term obligations were reduced by principal payments, in the amount of \$439,873, that were made in a timely manner, and amortization of a bond premium, in the amount of \$6,347.

Other long-term obligations represent accrued compensated absences and accrued other postemployment healthcare benefits in the amounts of \$7,812, and \$334,741, respectively.

More detailed information about the Township's long-term obligations is presented in Note 7 of the notes to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Township continues to see growth with on-going planned unit developments (PUDs). These developments increase the tax base, improve and clean up previously unoccupied lots, and will increase the desire to live in the Township. They offer diverse housing and walkable areas that are centrally located to highways, businesses, bike paths, trails, and area schools.

In fiscal year 2018, the Township once again received the Michigan Townships Association (MTA) Township of Excellence Award, the first and only Township to accomplish this status twice. There are 1,240 townships in the State of Michigan and Spring Lake Township was the first to achieve this designation in 2012. To qualify, the Township demonstrated superior processes, best practices, and fulfilled its statutory duties relating to community stewardship, administration, and demonstrating excellence in all areas of service that the Township provides.

The new Fire Department building at 106 N. Fruitport Road (Fire Station #1) earned LEED Gold status. The LEED (Leadership in Energy and Environmental Design) rating system, developed by the U.S. Green Building Council (USGBC), is a program for buildings, homes and communities that are designed, constructed, maintained and operated for improved environmental and human health performance. To achieve LEED Gold, we implemented various items aimed at achieving high performance in: sustainable site development, water savings, energy efficiency, materials selection and indoor environmental quality. Part of the design includes 149 solar panels that are installed on the roof over the apparatus bays and offsets approximately 60% of the buildings power consumption. Fire Station #1 is only the second fire station in the State of Michigan to obtain a LEED Gold Certification.

The Township continues to collaborate with surrounding municipalities to continue an efficient and cost-productive operation. Collaboration efforts include shared office space with the Village of Spring Lake, Fire Department mutual-aid agreements with surrounding municipalities, shared DPW Director, Planner, Receptionist, and equipment with the Village of Spring Lake, and shared accountants with the City of Grand Haven.

The Township expects to be able to use current revenues to provide essential services and maintain fund balances through the next fiscal year. The fiscal year 2019 budget does not anticipate significant changes in the amounts or composition of major revenue sources, and budgeted expenditures are expected to be sufficient to support ongoing programs and activities.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

Gordon Gallagher, Manager
Spring Lake Township
106 South Buchanan Street
Spring Lake, MI 49456

Phone: (616) 844-2113
E-mail: ggallagher@springlaketwp.org

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

March 31, 2018

| | <u>Governmental activities</u> | <u>Business-type activities</u> | <u>Totals</u> |
|---------------------------------------|------------------------------------|-------------------------------------|----------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash | \$ 3,290,709 | \$ 2,863,590 | \$ 6,154,299 |
| Receivables, net | 382,903 | 821,055 | 1,203,958 |
| Prepaid expenses | 66,097 | 32,078 | 98,175 |
| | <u>3,739,709</u> | <u>3,716,723</u> | <u>7,456,432</u> |
| Total current assets | | | |
| Noncurrent assets: | | | |
| Receivables | 45,115 | 722,600 | 767,715 |
| Land and construction in progress | 2,353,466 | 50,900 | 2,404,366 |
| Depreciable capital assets, net | 9,073,443 | 17,760,796 | 26,834,239 |
| | <u>11,472,024</u> | <u>18,534,296</u> | <u>30,006,320</u> |
| Total noncurrent assets | | | |
| | <u>15,211,733</u> | <u>22,251,019</u> | <u>37,462,752</u> |
| Total assets | | | |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred charge on bond refunding | - | 11,096 | 11,096 |
| | <u>-</u> | <u>11,096</u> | <u>11,096</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Payables | 221,439 | 180,006 | 401,445 |
| Bonds and contracts payable | 150,000 | 41,165 | 191,165 |
| | <u>371,439</u> | <u>221,171</u> | <u>592,610</u> |
| Total current liabilities | | | |
| Noncurrent liabilities: | | | |
| Compensated absences | 5,489 | 2,323 | 7,812 |
| Other postemployment obligation, net | 270,598 | 64,143 | 334,741 |
| Bonds and contracts payable | 3,190,371 | 7,577,189 | 10,767,560 |
| | <u>3,466,458</u> | <u>7,643,655</u> | <u>11,110,113</u> |
| Total noncurrent liabilities | | | |
| | <u>3,837,897</u> | <u>7,864,826</u> | <u>11,702,723</u> |
| Total liabilities | | | |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred amount on bond refunding | - | 421,063 | 421,063 |
| | <u>-</u> | <u>421,063</u> | <u>421,063</u> |
| NET POSITION | | | |
| Net investment in capital assets | 8,086,538 | 9,783,375 | 17,869,913 |
| Restricted for: | | | |
| Public safety | 311,612 | - | 311,612 |
| Public works | 303,890 | - | 303,890 |
| Capital projects | 703,359 | - | 703,359 |
| Unrestricted | 1,968,437 | 4,192,851 | 6,161,288 |
| | <u>11,373,836</u> | <u>13,976,226</u> | <u>25,350,062</u> |
| Total net position | | | |
| | <u>\$ 11,373,836</u> | <u>\$ 13,976,226</u> | <u>\$ 25,350,062</u> |

See notes to financial statements

STATEMENT OF ACTIVITIES

Year ended March 31, 2018

| Functions /Programs | Expenses | Program revenues | | | Net (expenses) revenues and changes in net position | | Totals |
|---|---------------------|-------------------------|--|--|--|-----------------------------|----------------------|
| | | Charges for services | Operating grants and contributions | Capital grants and contributions | Governmental activities | Business-type activities | |
| Governmental activities: | | | | | | | |
| General government | \$ 848,661 | \$ 425,228 | \$ 25,320 | \$ - | \$ (398,113) | | \$ (398,113) |
| Public safety | 1,139,106 | 1,033,032 | - | - | (106,074) | | (106,074) |
| Public works | 355,633 | 126,736 | 8,479 | - | (220,418) | | (220,418) |
| Community and economic development | 212,520 | 47,801 | - | - | (164,719) | | (164,719) |
| Health and welfare | 173,886 | - | - | - | (173,886) | | (173,886) |
| Recreation and culture | 1,386,217 | 6,285 | - | 80,315 | (1,299,617) | | (1,299,617) |
| Interest on long-term debt | 103,228 | - | - | - | (103,228) | | (103,228) |
| Total governmental activities | <u>4,219,251</u> | <u>1,639,082</u> | <u>33,799</u> | <u>80,315</u> | <u>(2,466,055)</u> | | <u>(2,466,055)</u> |
| Business-type activities: | | | | | | | |
| Sewer | 1,685,294 | 1,190,480 | 220,437 | 274,196 | | \$ (181) | (181) |
| Water | <u>1,899,356</u> | <u>1,848,282</u> | <u>-</u> | <u>163,480</u> | | <u>112,406</u> | <u>112,406</u> |
| Total business-type activities | <u>3,584,650</u> | <u>3,038,762</u> | <u>220,437</u> | <u>437,676</u> | | <u>112,225</u> | <u>112,225</u> |
| Totals | <u>\$ 7,803,901</u> | <u>\$ 4,677,844</u> | <u>\$ 254,236</u> | <u>\$ 517,991</u> | <u>(2,466,055)</u> | <u>112,225</u> | <u>(2,353,830)</u> |
| General revenues: | | | | | | | |
| Property taxes | | | | | 1,493,425 | - | 1,493,425 |
| State shared revenue | | | | | 1,017,175 | - | 1,017,175 |
| Franchise fees | | | | | 211,855 | - | 211,855 |
| Local community stabilization share revenue | | | | | 73,363 | - | 73,363 |
| Unrestricted interest | | | | | 11,911 | 58,411 | 70,322 |
| Gain on sale of capital assets | | | | | - | 14,631 | 14,631 |
| Total general revenues | | | | | <u>2,807,729</u> | <u>73,042</u> | <u>2,880,771</u> |
| Changes in net position | | | | | 341,674 | 185,267 | 526,941 |
| Net position - beginning | | | | | <u>11,032,162</u> | <u>13,790,959</u> | <u>24,823,121</u> |
| Net position - ending | | | | | <u>\$ 11,373,836</u> | <u>\$ 13,976,226</u> | <u>\$ 25,350,062</u> |

See notes to financial statements

Spring Lake Township

BALANCE SHEET - governmental funds

March 31, 2018

| | <u>General</u> | <u>Fire</u> | <u>Harbor Transit</u> | <u>Nonmajor funds</u> | <u>Total governmental funds</u> |
|---|---------------------|-------------------|---------------------------|---------------------------|---|
| ASSETS | | | | | |
| Cash | \$ 1,213,929 | \$ 546,337 | \$ - | \$ 1,530,443 | \$ 3,290,709 |
| Receivables, net | 392,145 | 22,864 | - | 13,009 | 428,018 |
| Prepays | 56,946 | 9,151 | - | - | 66,097 |
| Total assets | <u>\$ 1,663,020</u> | <u>\$ 578,352</u> | <u>\$ -</u> | <u>\$ 1,543,452</u> | <u>\$ 3,784,824</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Payables | \$ 121,708 | \$ 29,681 | \$ - | \$ 24,750 | \$ 176,139 |
| Deferred inflows of resources: | | | | | |
| Unavailable assessment revenue | 75,115 | - | - | - | 75,115 |
| Unavailable cost reimbursement | 25,295 | - | - | - | 25,295 |
| Total deferred inflows of resources | <u>100,410</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>100,410</u> |
| Fund balances: | | | | | |
| Nonspendable - prepaids | 56,946 | 9,151 | - | - | 66,097 |
| Restricted for: | | | | | |
| Public works | - | - | - | 303,890 | 303,890 |
| Public safety | - | 175,377 | - | - | 175,377 |
| Capital outlay | - | - | - | 839,594 | 839,594 |
| Assigned for: | | | | | |
| General government (cemetery) | - | - | - | 375,218 | 375,218 |
| Public safety | - | 364,143 | - | - | 364,143 |
| Unassigned | <u>1,383,956</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,383,956</u> |
| Total fund balances | <u>1,440,902</u> | <u>548,671</u> | <u>-</u> | <u>1,518,702</u> | <u>3,508,275</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 1,663,020</u> | <u>\$ 578,352</u> | <u>\$ -</u> | <u>\$ 1,543,452</u> | <u>\$ 3,784,824</u> |
| Reconciliation of the balance sheet to the statement of net position: | | | | | |
| Total fund balance - total governmental funds | | | | | \$ 3,508,275 |
| Amounts reported for <i>governmental activities</i> in the statement of net position (page 12) are different because: | | | | | |
| Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds. | | | | | |
| | | | | | 11,426,909 |
| Certain assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. | | | | | |
| | | | | | 100,410 |
| Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds: | | | | | |
| Bonds payable | | | | | (3,340,371) |
| Interest payable | | | | | (45,300) |
| Compensated absences | | | | | (5,489) |
| Other postemployment obligation, net | | | | | <u>(270,598)</u> |
| Net position of <i>governmental activities</i> | | | | | <u>\$ 11,373,836</u> |

See notes to financial statements

Spring Lake Township

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - governmental funds

Year ended March 31, 2018

| | <u>General</u> | <u>Fire</u> | <u>Harbor Transit</u> | <u>Nonmajor funds</u> | <u>Total governmental funds</u> |
|--|---------------------|-------------------|---------------------------|---------------------------|---|
| REVENUES | | | | | |
| Property taxes | \$ 660,312 | \$ - | \$ 408,049 | \$ 680,810 | \$ 1,749,171 |
| Licenses and permits | 451,229 | - | - | - | 451,229 |
| Intergovernmental | - | - | - | 80,315 | 80,315 |
| State grants | 1,099,017 | - | - | - | 1,099,017 |
| Charges for services | 116,532 | - | - | 28,485 | 145,017 |
| Interest | 23,714 | 1,136 | - | 4,168 | 29,018 |
| Other | 134,071 | 825,021 | - | 100,500 | 1,059,592 |
| | <u>2,484,875</u> | <u>826,157</u> | <u>408,049</u> | <u>894,278</u> | <u>4,613,359</u> |
| Total revenues | | | | | |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 833,001 | - | - | - | 833,001 |
| Public safety | 378,821 | 559,929 | - | - | 938,750 |
| Public works | 233,207 | - | - | 123,067 | 356,274 |
| Community and economic development | 212,520 | - | - | - | 212,520 |
| Health and welfare | - | - | - | 173,886 | 173,886 |
| Recreation and culture | 288,337 | - | 408,049 | 296,771 | 993,157 |
| Capital outlay | 54,579 | - | - | 54,436 | 109,015 |
| Debt service: | | | | | |
| Principal | 145,000 | - | - | - | 145,000 |
| Interest and fees | 111,375 | - | - | - | 111,375 |
| | <u>2,256,840</u> | <u>559,929</u> | <u>408,049</u> | <u>648,160</u> | <u>3,872,978</u> |
| Total expenditures | | | | | |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>228,035</u> | <u>266,228</u> | <u>-</u> | <u>246,118</u> | <u>740,381</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | - | - | 175,000 | 175,000 |
| Transfers out | - | (175,000) | - | - | (175,000) |
| | <u>-</u> | <u>(175,000)</u> | <u>-</u> | <u>175,000</u> | <u>-</u> |
| Net other financing sources (uses) | | | | | |
| NET CHANGES IN FUND BALANCES | 228,035 | 91,228 | - | 421,118 | 740,381 |
| FUND BALANCES - BEGINNING | <u>1,212,867</u> | <u>457,443</u> | <u>-</u> | <u>1,097,584</u> | <u>2,767,894</u> |
| FUND BALANCES - ENDING | <u>\$ 1,440,902</u> | <u>\$ 548,671</u> | <u>\$ -</u> | <u>\$ 1,518,702</u> | <u>\$ 3,508,275</u> |

See notes to financial statements

Spring Lake Township

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - governmental funds
(Continued)**

Year ended March 31, 2018

Reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities:

Net change in fund balance - total governmental funds (page 15) \$ 740,381

Amounts reported for *governmental activities* in the statement of activities (page 13) are different because:

Capital assets:

| | |
|-------------------------------------|-----------|
| Add - capital asset acquisitions | 78,832 |
| Deduct - provision for depreciation | (461,142) |
| Deduct - asset dispositions | (5,558) |

Long-term debt:

| | |
|----------------------------|---------|
| Add - principal repayments | 145,000 |
| Add - premium amortization | 6,347 |

Changes in other liabilities:

| | |
|---|------------------|
| Decrease in accrued interest payable | 1,800 |
| Decrease in deferred inflows of resources | (52,434) |
| Decrease in compensated absences | 2,797 |
| Increase in net other postemployment obligation | <u>(114,349)</u> |

Change in net position of *governmental activities* \$ 341,674

STATEMENT OF NET POSITION - proprietary funds

March 31, 2018

| | <u>Sewer</u> | <u>Water</u> | <u>Totals</u> |
|---------------------------------------|---------------------|---------------------|----------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash | \$ 253,706 | \$ 2,609,884 | \$ 2,863,590 |
| Receivables | 369,394 | 451,661 | 821,055 |
| Prepaid expenses | <u>22,401</u> | <u>9,677</u> | <u>32,078</u> |
| Total current assets | <u>645,501</u> | <u>3,071,222</u> | <u>3,716,723</u> |
| Noncurrent assets: | | | |
| Receivables | 42,544 | 680,056 | 722,600 |
| Land | 50,900 | - | 50,900 |
| Depreciable capital assets, net | <u>8,680,603</u> | <u>9,080,193</u> | <u>17,760,796</u> |
| Total noncurrent assets | <u>8,774,047</u> | <u>9,760,249</u> | <u>18,534,296</u> |
| Total assets | <u>9,419,548</u> | <u>12,831,471</u> | <u>22,251,019</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred charge on bond refunding | <u>-</u> | <u>11,096</u> | <u>11,096</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Payables | 83,928 | 96,078 | 180,006 |
| Bonds and contracts payable | <u>41,165</u> | <u>-</u> | <u>41,165</u> |
| Total current liabilities | <u>125,093</u> | <u>96,078</u> | <u>221,171</u> |
| Noncurrent liabilities: | | | |
| Compensated absences | 813 | 1,510 | 2,323 |
| Other postemployment obligation, net | 25,643 | 38,500 | 64,143 |
| Bonds and contracts payable | <u>3,009,234</u> | <u>4,567,955</u> | <u>7,577,189</u> |
| Total noncurrent liabilities | <u>3,035,690</u> | <u>4,607,965</u> | <u>7,643,655</u> |
| Total liabilities | <u>3,160,783</u> | <u>4,704,043</u> | <u>7,864,826</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred amount on bond refunding | <u>-</u> | <u>421,063</u> | <u>421,063</u> |
| NET POSITION | | | |
| Net investment in capital assets | 5,681,104 | 4,102,271 | 9,783,375 |
| Unrestricted | <u>577,661</u> | <u>3,615,190</u> | <u>4,192,851</u> |
| Total net position | <u>\$ 6,258,765</u> | <u>\$ 7,717,461</u> | <u>\$ 13,976,226</u> |

See notes to financial statements

Spring Lake Township

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - *proprietary funds*

Year ended March 31, 2018

| | <u>Sewer</u> | <u>Water</u> | <u>Totals</u> |
|---|---------------------|---------------------|----------------------|
| OPERATING REVENUES | | | |
| Charges for services | \$ 1,078,815 | \$ 1,700,267 | \$ 2,779,082 |
| Other | <u>111,665</u> | <u>148,015</u> | <u>259,680</u> |
| Total operating revenues | <u>1,190,480</u> | <u>1,848,282</u> | <u>3,038,762</u> |
| OPERATING EXPENSES | | | |
| Personnel costs | 113,185 | 251,017 | 364,202 |
| Sewage treatment | 505,522 | - | 505,522 |
| Water distribution | - | 636,975 | 636,975 |
| Repairs and maintenance | 285,691 | 34,796 | 320,487 |
| Administration | 147,863 | 182,755 | 330,618 |
| Contracted services | 18,123 | 59,797 | 77,920 |
| Utilities | 64,554 | 16,897 | 81,451 |
| Other | 4,796 | 12,356 | 17,152 |
| Depreciation | <u>452,443</u> | <u>489,001</u> | <u>941,444</u> |
| Total operating expenses | <u>1,592,177</u> | <u>1,683,594</u> | <u>3,275,771</u> |
| OPERATING INCOME (LOSS) | <u>(401,697)</u> | <u>164,688</u> | <u>(237,009)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Debt service charges | 208,401 | - | 208,401 |
| State grant | 220,437 | - | 220,437 |
| Interest revenue | 8,589 | 49,822 | 58,411 |
| Gain on sale of capital assets | 5,121 | 9,510 | 14,631 |
| Interest expense | <u>(93,117)</u> | <u>(215,762)</u> | <u>(308,879)</u> |
| Net nonoperating revenues (expenses) | <u>349,431</u> | <u>(156,430)</u> | <u>193,001</u> |
| INCOME (LOSS) BEFORE CONTRIBUTIONS | <u>(52,266)</u> | <u>8,258</u> | <u>(44,008)</u> |
| CONTRIBUTIONS | | | |
| Connection fees | 35,961 | 89,917 | 125,878 |
| Special assessments | <u>29,834</u> | <u>73,563</u> | <u>103,397</u> |
| Total contributions | <u>65,795</u> | <u>163,480</u> | <u>229,275</u> |
| CHANGES IN NET POSITION | 13,529 | 171,738 | 185,267 |
| NET POSITION - BEGINNING | <u>6,245,236</u> | <u>7,545,723</u> | <u>13,790,959</u> |
| NET POSITION - ENDING | <u>\$ 6,258,765</u> | <u>\$ 7,717,461</u> | <u>\$ 13,976,226</u> |

See notes to financial statements

STATEMENT OF CASH FLOWS - proprietary funds

Year ended March 31, 2018

| | <u>Sewer</u> | <u>Water</u> | <u>Totals</u> |
|---|-------------------|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | \$ 1,192,352 | \$ 1,852,940 | \$ 3,045,292 |
| Payments to suppliers | (1,111,003) | (978,068) | (2,089,071) |
| Payments to employees | (98,587) | (228,644) | (327,231) |
| Net cash provided by (used in) operating activities | <u>(17,238)</u> | <u>646,228</u> | <u>628,990</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| State grants | 226,253 | - | 226,253 |
| Decrease in due to other funds | (100,000) | - | (100,000) |
| Decrease in due from other funds | - | 100,000 | 100,000 |
| Net cash provided by noncapital financing activities | <u>126,253</u> | <u>100,000</u> | <u>226,253</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Debt service charges | 208,401 | - | 208,401 |
| Connection fees | 35,961 | 89,917 | 125,878 |
| Collection of special assessment principal | 79,739 | 48,791 | 128,530 |
| Collection on notes receivable | - | 19,195 | 19,195 |
| Proceeds from sale of capital assets | 5,121 | 9,510 | 14,631 |
| Acquisition of capital assets | - | (195,335) | (195,335) |
| Principal payments on capital debt | (143,675) | (151,198) | (294,873) |
| Interest payments on capital debt | (93,277) | (238,379) | (331,656) |
| Net cash provided by (used in) capital and related financing activities | <u>92,270</u> | <u>(417,499)</u> | <u>(325,229)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest received | <u>8,589</u> | <u>48,535</u> | <u>57,124</u> |
| NET INCREASE IN CASH | 209,874 | 377,264 | 587,138 |
| CASH - BEGINNING | <u>43,832</u> | <u>2,232,620</u> | <u>2,276,452</u> |
| CASH - ENDING | <u>\$ 253,706</u> | <u>\$ 2,609,884</u> | <u>\$ 2,863,590</u> |

See notes to financial statements

STATEMENT OF CASH FLOWS - proprietary funds (Continued)

Year ended March 31, 2018

| | <u>Sewer</u> | <u>Water</u> | <u>Totals</u> |
|--|--------------------|-------------------|-------------------|
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Operating income (loss) | \$ (401,697) | \$ 164,688 | \$ (237,009) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Depreciation | 452,443 | 489,001 | 941,444 |
| Decrease in receivables | 1,872 | 4,658 | 6,530 |
| Increase in prepaid expenses | (9,372) | (3,600) | (12,972) |
| Increase (decrease) in payables | (32,317) | 52,912 | 20,595 |
| Decrease in compensated absences | (157) | (292) | (449) |
| Decrease in other postemployment obligation, net | <u>(28,010)</u> | <u>(61,139)</u> | <u>(89,149)</u> |
| Net cash provided by (used in) operating activities | <u>\$ (17,238)</u> | <u>\$ 646,228</u> | <u>\$ 628,990</u> |

See notes to financial statements

Spring Lake Township

STATEMENT OF ASSETS AND LIABILITIES - agency funds

March 31, 2018

ASSETS

| | | |
|-----------------------------------|----|----------------------|
| Cash | \$ | 12,064 |
| Due from other governmental units | | 697 |
| Due from others | | <u>154</u> |
| Total assets | \$ | <u><u>12,915</u></u> |

LIABILITIES

| | | |
|---------------------------------|----|----------------------|
| Due to other governmental units | \$ | 4,595 |
| Escrow deposits | | <u>8,320</u> |
| Total liabilities | \$ | <u><u>12,915</u></u> |

See notes to financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Spring Lake Township, Michigan (the Township), conform to accounting principles generally accepted in the United States of America (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the more significant accounting policies.

Reporting entity:

As required by generally accepted accounting principles, these financial statements present only the Township (located in Ottawa County), as management has determined that there are no other entities for which the Township is financially accountable.

Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Township. The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the Township generally considers property tax revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus, basis of accounting, and financial statement presentation (continued):

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Fire Fund, a special revenue fund, accounts for the financial resources used for fire department operations and capital costs. Revenues are derived primarily from a Township-wide special assessment.

The Harbor Transit Fund, a special revenue fund, accounts for the financial resources provided to the Harbor Transit Authority. Revenues are derived from property taxes.

The Township reports the following major proprietary funds:

The Sewer Fund accounts for the activities of the Township's sewage collection system.

The Water Fund accounts for the activities of the Township's water distribution system.

The Township also reports fiduciary funds, which account for assets held by the Township as an agent for individuals, private organizations, and other governments. The Township currently reports two fiduciary funds (the Tax Collection Fund and the Escrow Fund). Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds relate to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position or equity:

Cash - Cash is considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables - Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds." No allowance for uncollectible accounts has been recorded, as the Township considers all receivables to be fully collectible.

Prepaid items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the fund statements and the government-wide financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position or equity (continued):

Capital assets - Capital assets, which include land, buildings, equipment, and infrastructure assets (e.g., sewer and water systems and bike paths), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, other than infrastructure, are defined by the Township as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value as of the date received. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

| | |
|----------------------------|---------------|
| Buildings and improvements | 15 - 40 years |
| Bike paths | 15 - 25 years |
| Machinery and equipment | 5 - 20 years |
| Vehicles | 5 - 30 years |
| Sewer and water systems | 30 - 50 years |

Deferred outflows of resources - The statements of net position of the business-type activities and proprietary funds include a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenses) until then. The Township has one item that qualifies for reporting in this category, a deferred charge on bond refunding. A deferred charge on bond refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is being amortized over the life of the refunding debt as a component of interest expense.

Compensated absences - It is the Township's policy to permit employees to accumulate earned but unused vacation pay benefits. Vested compensated absences are accrued when earned in the government-wide and proprietary funds financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

Deferred inflows of resources - The statements of net position of the business-type activities and proprietary funds and the governmental funds balance sheet include a separate section for deferred inflows of resources. This separate financial statement element represents an increase in equity that applies to a future period. The related revenues will not be recognized until a future event occurs. The Township has one item that qualifies for reporting in this category in the statements of net position of the business-type activities and proprietary funds that relates to a deferred amount on bond refunding. A deferred amount on bond refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is being amortized over the life of the refunded debt as a component of interest expense over the remaining life of the debt. The Township has two items that are included in this category in the governmental funds balance sheet: unavailable assessments and cost reimbursements, which are not recognized until available (collected not later than 60 days after the end of the Township's fiscal year), and are deferred and recognized as an inflow of resources in the period that the revenues become available.

Net position - Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. The Township reports three categories of net position, as follows: (1) *Net investment in capital assets* consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets;

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position or equity (continued):

Net position - (continued) (2) Restricted net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations, such as federal or state laws or buyers of the Township’s debt. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets; (3) *Unrestricted net position* consists of all other net position that does not meet the definition of the above components and is available for general use by the Township.

Net position flow assumption - Sometimes, the Township will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary funds financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township’s policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund equity - Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are not in spendable form. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws and regulations of other governments. The Township Board retains the authority to assign fund balance. Unassigned fund balance is the residual classification for the General Fund. When the Township incurs an expenditure for purposes for which various fund balance classifications can be used, it is the Township’s policy to use restricted fund balance first, followed by assigned fund balance, and, finally, unassigned fund balance.

Property tax revenue recognition - Property taxes are levied each December 1 (lien date) on the taxable valuation of property as of the preceding December 31. Property taxes are considered delinquent on March 1 of the following year, at which time interest and penalties are assessed. It is the Township’s policy to recognize revenue from the tax levy in the current year, when the proceeds are budgeted and made available for the financing of operations.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Accordingly, actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the Township’s general and special revenue funds. The budget document presents information by fund, function, activity, and line-item. The legal level of budgetary control adopted by the governing body is the activity level. All annual appropriations lapse at the end of the fiscal year.

Excess of expenditures over appropriations - The following schedule includes reportable budget variances:

| <u>Fund</u> | <u>Function</u> | <u>Activity</u> | <u>Final budget</u> | <u>Actual</u> | <u>Variance</u> |
|-------------|-----------------|------------------|---------------------|---------------|-----------------|
| General | Public safety | Code inspections | \$ 206,100 | \$ 211,299 | \$ 5,199 |

NOTE 3 - CASH

Cash, as presented in the accompanying financial statements, as of March 31, 2018, was as follows:

| | <u>Governmental funds</u> | <u>Proprietary funds</u> | <u>Agency funds</u> | <u>Totals</u> |
|--------------------------------------|-------------------------------|------------------------------|-------------------------|---------------------|
| Cash on hand | \$ 300 | \$ - | \$ - | \$ 300 |
| Deposits with financial institutions | <u>3,290,409</u> | <u>2,863,590</u> | <u>12,064</u> | <u>6,166,063</u> |
| Totals | <u>\$ 3,290,709</u> | <u>\$ 2,863,590</u> | <u>\$ 12,064</u> | <u>\$ 6,166,363</u> |

Deposits - Michigan Compiled Laws, Section 129.91 (Public Act 20 of 1943, as amended) and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Township's deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. The Township's investment policy does not specifically address custodial credit risk for deposits. At March 31, 2018, \$4,064,349 of the Township's bank balances of \$6,314,349 was exposed to custodial credit risk because it was uninsured and uncollateralized.

NOTE 4 - RECEIVABLES

Receivables as of March 31, 2018, for the Township's individual major funds and nonmajor funds, in the aggregate, were as follows:

| <u>Fund</u> | <u>Property taxes</u> | <u>Accounts</u> | <u>Interest</u> | <u>Assessments</u> | <u>Intergovern- mental</u> | <u>Totals</u> |
|--------------------|---------------------------|-------------------|------------------|--------------------|--------------------------------|---------------------|
| Governmental: | | | | | | |
| General | \$ 57,941 | \$ 72,709 | \$ 3,540 | \$ 75,115 | \$ 182,840 | \$ 392,145 |
| Fire | - | - | - | 22,864 | - | 22,864 |
| Nonmajor | <u>9,372</u> | <u>-</u> | <u>1,160</u> | <u>2,477</u> | <u>-</u> | <u>13,009</u> |
| Total governmental | <u>\$ 67,313</u> | <u>\$ 72,709</u> | <u>\$ 4,700</u> | <u>\$ 100,456</u> | <u>\$ 182,840</u> | <u>\$ 428,018</u> |
| Noncurrent portion | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 45,115</u> | <u>\$ -</u> | <u>\$ 45,115</u> |
| Proprietary: | | | | | | |
| Sewer | \$ - | \$ 327,781 | \$ - | \$ 59,004 | \$ 25,153 | \$ 411,938 |
| Water | - | <u>291,774</u> | <u>24,546</u> | <u>123,870</u> | <u>691,527</u> | <u>1,131,717</u> |
| Total proprietary | <u>\$ -</u> | <u>\$ 619,555</u> | <u>\$ 24,546</u> | <u>\$ 182,874</u> | <u>\$ 716,680</u> | <u>\$ 1,543,655</u> |
| Noncurrent portion | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 154,251</u> | <u>\$ 568,349</u> | <u>\$ 722,600</u> |

All receivables are considered fully collectible.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2018, was as follows:

| | <i>Beginning balance</i> | <i>Increases</i> | <i>Decreases</i> | <i>Change in Classification</i> | <i>Ending balance</i> |
|--|------------------------------|---------------------|-------------------|-------------------------------------|---------------------------|
| Governmental activities: | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 1,946,989 | \$ - | \$ - | \$ - | \$ 1,946,989 |
| Construction in progress | 687,953 | 11,727 | - | (293,203) | 406,477 |
| Total capital assets not being depreciated | <u>2,634,942</u> | <u>11,727</u> | <u>-</u> | <u>(293,203)</u> | <u>2,353,466</u> |
| Capital assets being depreciated: | | | | | |
| Land improvements | 7,438,420 | 525 | - | 184,919 | 7,623,864 |
| Buildings and improvements | 5,289,681 | 16,334 | - | 108,284 | 5,414,299 |
| Machinery and equipment | 2,454,219 | 50,246 | (23,703) | - | 2,480,762 |
| Subtotal | <u>15,182,320</u> | <u>67,105</u> | <u>(23,703)</u> | <u>293,203</u> | <u>15,518,925</u> |
| Less accumulated depreciation for: | | | | | |
| Land improvements | (4,243,507) | (229,798) | - | - | (4,473,305) |
| Buildings and improvements | (567,739) | (121,507) | - | - | (689,246) |
| Machinery and equipment | (1,191,239) | (109,837) | 18,145 | - | (1,282,931) |
| Subtotal | <u>(6,002,485)</u> | <u>(461,142)</u> | <u>18,145</u> | <u>-</u> | <u>(6,445,482)</u> |
| Total capital assets being depreciated, net | <u>9,179,835</u> | <u>(394,037)</u> | <u>(5,558)</u> | <u>293,203</u> | <u>9,073,443</u> |
| Governmental activities capital assets, net | <u>\$ 11,814,777</u> | <u>\$ (382,310)</u> | <u>\$ (5,558)</u> | <u>\$ -</u> | <u>\$ 11,426,909</u> |

Depreciation expense was charged to the Township's governmental functions as follows:

| | |
|-------------------------------|-------------------|
| Governmental activities: | |
| General government | \$ 17,607 |
| Public safety | 196,003 |
| Recreation and culture | <u>247,532</u> |
| Total governmental activities | <u>\$ 461,142</u> |

NOTE 5 - CAPITAL ASSETS (Continued)

| | <i>Beginning balance</i> | <i>Increases</i> | <i>Decreases</i> | <i>Ending balance</i> |
|--|------------------------------|---------------------|--------------------|---------------------------|
| Business-type activities: | | | | |
| Capital assets not being depreciated - land | \$ 50,900 | \$ - | \$ - | \$ 50,900 |
| Capital assets being depreciated: | | | | |
| Buildings | 323,815 | - | - | 323,815 |
| Machinery and equipment | 2,500,741 | 165,341 | (84,456) | 2,581,626 |
| Sewer system | 15,554,474 | - | - | 15,554,474 |
| Water system | 17,731,812 | 47,005 | - | 17,778,817 |
| Subtotal | <u>36,110,842</u> | <u>212,346</u> | <u>(84,456)</u> | <u>36,238,732</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (145,084) | (10,350) | - | (155,434) |
| Machinery and equipment | (1,812,895) | (122,994) | 67,445 | (1,868,444) |
| Sewer system | (6,908,201) | (386,253) | - | (7,294,454) |
| Water system | (8,737,757) | (421,847) | - | (9,159,604) |
| Subtotal | <u>(17,603,937)</u> | <u>(941,444)</u> | <u>67,445</u> | <u>(18,477,936)</u> |
| Total capital assets being depreciated, net | <u>18,506,905</u> | <u>(729,098)</u> | <u>(17,011)</u> | <u>17,760,796</u> |
| Business-type activities capital assets, net | <u>\$ 18,557,805</u> | <u>\$ (729,098)</u> | <u>\$ (17,011)</u> | <u>\$ 17,811,696</u> |

NOTE 6 - PAYABLES

Payables as of March 31, 2018, for the Township's individual major funds and nonmajor funds, in the aggregate, were as follows:

| <u>Fund</u> | <u>Accounts</u> | <u>Payroll</u> | <u>Intergovern- mental</u> | <u>Interest</u> | <u>Totals</u> |
|--------------------|------------------|------------------|--------------------------------|-----------------|-------------------|
| Governmental: | | | | | |
| General | \$ 54,125 | \$ 17,929 | \$ 49,654 | \$ - | \$ 121,708 |
| Fire | 10,119 | 16,940 | 2,622 | - | 29,681 |
| Nonmajor | <u>24,750</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>24,750</u> |
| Total governmental | <u>\$ 88,994</u> | <u>\$ 34,869</u> | <u>\$ 52,276</u> | <u>\$ -</u> | <u>\$ 176,139</u> |
| Proprietary: | | | | | |
| Sewer | \$ 31,905 | \$ 2,756 | \$ 42,427 | \$ 6,840 | \$ 83,928 |
| Water | <u>33,472</u> | <u>6,171</u> | <u>56,435</u> | <u>-</u> | <u>96,078</u> |
| Total proprietary | <u>\$ 65,377</u> | <u>\$ 8,927</u> | <u>\$ 98,862</u> | <u>\$ 6,840</u> | <u>\$ 180,006</u> |

NOTE 7 - LONG-TERM OBLIGATIONS:

Governmental activities:

Bonds payable:

| | |
|--|--------------|
| \$3,500,000 2015 General obligation bonds - payable in annual installments ranging from \$145,000 to \$225,000, plus interest at 3.00%; final payment due May 2035 | \$ 3,210,000 |
|--|--------------|

| | |
|--------------------------------------|----------------|
| 2015 General obligation bond premium | <u>130,371</u> |
|--------------------------------------|----------------|

| | |
|-------------|-----------|
| Total bonds | 3,340,371 |
|-------------|-----------|

| | |
|----------------------|--------------|
| Compensated absences | <u>5,489</u> |
|----------------------|--------------|

| | |
|-------------------------------|----------------------------|
| Total governmental activities | <u><u>\$ 3,345,860</u></u> |
|-------------------------------|----------------------------|

Business-type activities:

Contracts payable:

| | |
|--|------------|
| \$992,635 2010 Ottawa County water system refunding bonds - payable in annual installments ranging from \$15,579 to \$124,636, plus interest at 2.000% to 2.625%; final payment due May 2021 | \$ 353,877 |
|--|------------|

| | |
|--|---------|
| \$840,000 2011 Ottawa County sewage disposal bonds - payable in annual installments ranging from \$20,000 to \$80,000, plus interest at 3.50% to 4.50%; final payment due March 2031 | 780,000 |
|--|---------|

| | |
|---|---------|
| \$577,680 2013 Grand Haven - Spring Lake Sewer Authority bonds - payable in annual installments ranging from \$16,185 to \$52,290, plus interest at 2.0% to 4.7%; final payment due July 2032 | 525,390 |
|---|---------|

| | |
|--|-----------|
| \$5,197,708 2016 Ottawa County water supply system refunding bonds - payable in annual installments ranging from \$46,593 to \$408,983, plus interest at 4.60%; final payment due May 2034 | 4,214,078 |
|--|-----------|

Bonds payable:

| | |
|--|------------------|
| \$2,337,414 2011 Sewer capital improvement bonds - payable in annual installments ranging from \$97,405 to \$140,009, plus interest at 2.50%; final payment due April 2032 | <u>1,745,009</u> |
|--|------------------|

| | |
|-----------------------------------|-----------|
| Total contracts and bonds payable | 7,618,354 |
|-----------------------------------|-----------|

| | |
|----------------------|--------------|
| Compensated absences | <u>2,323</u> |
|----------------------|--------------|

| | |
|--------------------------------|----------------------------|
| Total business-type activities | <u><u>\$ 7,620,677</u></u> |
|--------------------------------|----------------------------|

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - LONG-TERM OBLIGATIONS (Continued)

Long-term obligation activity for the year ended March 31, 2018, was as follows:

| | <u>Beginning balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending balance</u> | <u>Amounts due within one year</u> |
|--|------------------------------|------------------|---------------------|---------------------------|--|
| Governmental activities: | | | | | |
| Bonds - 2015 General obligation bonds | \$ 3,355,000 | \$ - | \$ (145,000) | \$ 3,210,000 | \$ 150,000 |
| Premium - 2015 General obligation bonds | <u>136,718</u> | <u>-</u> | <u>(6,347)</u> | <u>130,371</u> | <u>-</u> |
| Total bonds | 3,491,718 | - | (151,347) | 3,340,371 | 150,000 |
| Compensated absences | <u>8,286</u> | <u>49,161</u> | <u>(51,958)</u> | <u>5,489</u> | <u>-</u> |
| Total governmental activities | <u>\$ 3,500,004</u> | <u>\$ 49,161</u> | <u>\$ (203,305)</u> | <u>\$ 3,345,860</u> | <u>\$ 150,000</u> |
| Business-type activities: | | | | | |
| Contracts with Ottawa County: | | | | | |
| 2010 Water refunding bonds | \$ 458,482 | \$ - | \$ (104,605) | \$ 353,877 | \$ - |
| 2011 Wastewater bonds | 800,000 | - | (20,000) | 780,000 | 20,000 |
| 2013 Sewer Authority bonds | 544,065 | - | (18,675) | 525,390 | 21,165 |
| 2016 Water refunding bonds | 4,260,671 | - | (46,593) | 4,214,078 | - |
| Bonds payable - 2011 Sewer capital improvement bonds | <u>1,850,009</u> | <u>-</u> | <u>(105,000)</u> | <u>1,745,009</u> | <u>-</u> |
| Total contracts and bonds | 7,913,227 | - | (294,873) | 7,618,354 | <u>\$ 41,165</u> |
| Compensated absences | <u>2,772</u> | <u>16,032</u> | <u>(16,481)</u> | <u>2,323</u> | |
| Total business-type activities | <u>\$ 7,915,999</u> | <u>\$ 16,032</u> | <u>\$ (311,354)</u> | <u>\$ 7,620,677</u> | |

At March 31, 2018, debt service requirements, with the exception of compensated absences, are as follows:

| <u>Year ended March 31,</u> | <u>Governmental activities</u> | | <u>Business-type activities</u> | |
|---------------------------------|--------------------------------|---------------------|---------------------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2019 | \$ 150,000 | \$ 106,450 | \$ 41,165 | \$ 205,702 |
| 2020 | 150,000 | 101,950 | 332,697 | 302,354 |
| 2021 | 155,000 | 97,375 | 324,733 | 279,169 |
| 2022 | 155,000 | 92,725 | 395,847 | 268,897 |
| 2023 | 160,000 | 88,000 | 435,532 | 255,662 |
| 2024 - 2028 | 835,000 | 366,425 | 2,459,174 | 1,029,840 |
| 2029 - 2033 | 955,000 | 224,225 | 2,829,360 | 492,707 |
| 2034 - 2037 | <u>650,000</u> | <u>39,600</u> | <u>799,846</u> | <u>40,446</u> |
| Totals | <u>\$ 3,210,000</u> | <u>\$ 1,116,750</u> | <u>\$ 7,618,354</u> | <u>\$ 2,874,777</u> |

All debt is secured by the full faith and credit of the Township.

NOTE 7 - LONG-TERM OBLIGATIONS (Continued)

In connection with debt refunding in a prior year, the Township has recognized the difference between the reacquisition price and the net carrying amount of the refunded debt (\$11,096 at March 31, 2018) as a deferred outflow of resources. The deferred charge on refunding is being amortized as a component of interest expense (\$3,698 in 2018) over the remaining life of the new debt, through 2021. In connection with debt refunding in a prior year, the Township has recognized the difference between the reacquisition price and the net carrying amount of the refunded debt (\$421,063 at March 31, 2018) as a deferred inflow of resources. The deferred amount on refunding is being amortized as a component of interest expense (\$26,316 in 2018) over the remaining life of the new debt, through 2034.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS*Plan description:*

The Spring Lake Township Retiree Healthcare Plan is a single-employer, defined benefit healthcare plan administered by the Township, which provides medical insurance benefits to eligible retirees and their spouses. Eligible recipients include retirees and their spouses at April 1, 2007, and all full-time employees employed at April 1, 2007, who have reached age 62 and have worked at least 20 years for the Township upon their retirement from the Township. Employees hired after April 1, 2007, receive no postemployment health benefits. The Plan was established by the Township and can be amended at its discretion. The plan does not issue a separate stand-alone financial statement.

Funding policy:

The Township has elected to provide postemployment health benefits to retirees of the Township. The Township pays the full cost of coverage of these benefits for retirees and their spouses on a pay-as-you-go basis. Currently, ten retirees are eligible for postemployment health benefits. The Township obtains healthcare coverage through private insurers. The Township has the authority to establish the funding policy for the Plan and to amend the obligations of both the Township and members. Active members are not obligated to make contributions to the Plan at this time. For the year ended March 31, 2018, the Township contributed \$30,511 to the Plan.

Annual OPEB cost and net OPEB obligation:

The Township's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The Township has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Annual OPEB cost and net OPEB obligation (continued):

The following schedule shows the components of the Township's annual OPEB cost for the year ended March 31, 2018, the amount actually contributed to the plan, and changes in the Township's net OPEB obligation:

| | |
|--|-------------------|
| Annual required contribution (ARC) | \$ 65,524 |
| Interest on net OPEB obligation | 13,929 |
| Adjustment to annual required contribution | <u>(23,742)</u> |
| Annual OPEB cost (expense) | 55,711 |
| Contributions made | <u>(30,511)</u> |
| Increase in net OPEB obligation | 25,200 |
| Net OPEB obligation - beginning of year | <u>309,541</u> |
| Net OPEB obligation - end of year | <u>\$ 334,741</u> |

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Three-year trend information is as follows:

| <i>Fiscal year ended</i> | <i>Annual OPEB cost</i> | <i>Contributions</i> | <i>Percentage of annual OPEB cost contributed</i> | <i>Net OPEB obligation</i> |
|--------------------------|-------------------------|----------------------|---|----------------------------|
| 3/31/2016 | \$ 52,651 | \$ 17,329 | 33% | \$ 273,042 |
| 3/31/2017 | 53,734 | 17,235 | 32% | 309,541 |
| 3/31/2018 | 55,711 | 30,511 | 55% | 334,741 |

Funded status and funding progress:

As of March 31, 2018, the most recent valuation date, the plan had not been funded, resulting in an unfunded actuarial accrued liability (UAAL) of \$956,391. The covered payroll (annual payroll of active employees covered by the plan) was \$553,374 and the ratio of the UAAL to the covered payroll was 173%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 62, or at the first subsequent year in which the member would qualify for benefits.

Marital status - Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality - Life expectancies were based on mortality tables from the National Vital Statistics Reports, Vol. 53, No. 6. The Life Tables for U.S. Males and Females, 2004 version, were used.

Turnover - Non-group-specific, age-based turnover data from GASB Statement No. 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The following simplifying assumptions were made:

Healthcare cost trend rate - The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare and Medicaid Services.

Health insurance premium - 2010 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Payroll growth rate - The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Inflation rate - The expected long-term inflation assumption of 2.8% was based on an average of the previous five years of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), as displayed in *The 2010 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds* for an intermediate growth scenario.

NOTE 9 - INTERFUND TRANSFER

During the fiscal year ended March 31, 2018, the Fire Fund transferred \$175,000 to the Fire Replacement Fund, a nonmajor governmental fund, for future capital acquisitions of the Fire Department.

NOTE 10 - TAX REVENUE

The 2017 taxable valuation of the Township approximated \$730,009,000, on which ad valorem taxes levied consisted of the following:

| <i>Fund</i> | <i>Millage</i> | <i>Millage rate</i> | <i>Revenues raised</i> |
|----------------|----------------|---------------------|------------------------|
| General | Operating | 0.5500 | \$ 402,000 |
| Bike Path | Bike Path | 0.4714 | 344,000 |
| Harbor Transit | Harbor Transit | 0.5800 | 423,000 |
| Nonmajor | Museum | 0.2468 | 180,000 |
| Nonmajor | Aging Council | 0.2468 | 180,000 |

These amounts are recognized in the fund financial statements as property tax revenue.

NOTE 11 - TAX ABATEMENTS

The Township enters into property tax abatement agreements with local businesses for the purpose of attracting or retaining businesses within the Township. Each agreement was negotiated under a state law, which allows local units to abate property taxes for a variety of economic development purposes. The abatements may be granted to local businesses located within the Township or promising to relocate within the Township. Depending on the statute referenced for a particular abatement, the Township may grant abatements of up to 70% of annual property taxes through a direct reduction of the entity's property tax bill, not to exceed twelve years. Depending on the terms of the agreement and state law, abated taxes may be subject to recapture upon default of the entity. The Township has not made any commitments as part of the agreements other than to reduce taxes. The Township is not subject to any tax abatement agreements entered into by other governmental entities.

For the fiscal year ended March 31, 2018, the Township abated property taxes totaling \$186,289 under Public Act 198 of 1974, related to industrial facilities, summarized as follows:

| <u>Purpose</u> | <u>State statute</u> | <u>Percentage of taxes abated</u> | <u>Township taxes abated</u> |
|-------------------------|----------------------|-----------------------------------|------------------------------|
| Real property taxes | PA 198 of 1974 | 50% | \$ 73,302 |
| Personal property taxes | PA 198 of 1974 | 70% | <u>112,987</u> |
| Total taxes abated | | | <u>\$ 186,289</u> |

NOTE 12 - DEFINED CONTRIBUTION PENSION PLAN

The Township and its employees contribute to the Township of Spring Lake Group Pension Plan, a defined contribution pension plan, which is administered by a third-party administrator. Each full-time employee and firefighter is eligible to participate in the Plan. The members of the Township Board, with the exception of the Clerk, are ineligible to participate in the Plan.

Benefit terms, including contribution requirements, for the Plan are established, and may be amended, by the Township Board. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate as described above. Contributions to the Plan are discretionary. Each year, the Township Board may make a contribution to the Plan and will determine the amount of any contribution, though no contribution is required. In fiscal year 2016, the Township contributed 10% of covered payroll of qualifying employees. Employees are not permitted to make contributions to the Plan. For the year ended March 31, 2018, the Township incurred pension expense in the amount of \$99,041. At March 31, 2018, the Township reported no accrued liability as part of the contributions to the plan.

The Township's contributions for each employee (and investment earnings allocated to the employee's account) are fully vested after two years of service. Any forfeitures shall be used to reduce the administrative expenses of the Plan or reduce the employer contribution for the plan year.

The Township is not a trustee of the defined contribution pension plan, nor is the Township responsible for investment management of the pension plan assets. Accordingly, plan assets, and changes therein, are not reported in these financial statements.

NOTE 13 - OPERATING LEASE

In 2015, the Township began leasing office facilities from the Village of Spring Lake under a five (5) year operating lease. The agreement provides that after two and one-half (2.5) years, and every twelve (12) months thereafter, the lease shall automatically extend one year, unless terminated by either party. Written notice to terminate must be provided thirty (30) months prior to the termination date. The total costs associated with this lease were \$45,744 during the fiscal year ended March 31, 2018. The future minimum lease payments for this lease are as follows:

| <u>Year ended</u> <u>March 31,</u> | <u>Amount</u> |
|---------------------------------------|-------------------|
| 2018 | \$ 45,744 |
| 2019 | 45,744 |
| 2020 | 45,744 |
| 2021 | 45,744 |
| 2022 | <u>45,744</u> |
| | <u>\$ 228,720</u> |

NOTE 14 - CONSTRUCTION CODE ACT

A summary of construction code enforcement transactions for the year ended March 31, 2018, is as follows:

| | |
|---|-------------------|
| Cumulative excess revenues, beginning of year | <u>\$ -</u> |
| Revenues | \$ 203,156 |
| Expenses | <u>211,049</u> |
| Deficiency of revenues over expenses | <u>\$ (7,893)</u> |
| Cumulative excess revenues, end of year | <u>\$ -</u> |

NOTE 15 - JOINT VENTURES

The Township is a member of the Grand Haven - Spring Lake Sewer Authority (the Authority). The purpose of the Authority is to acquire, own, improve, enlarge, extend, and operate a sewage disposal system. The participating communities (the Cities of Grand Haven and Ferrysburg, the Townships of Spring Lake and Grand Haven, the Village of Spring Lake, and the County of Ottawa) pay a set rate to the Authority to process waste. In the current year, the Township paid \$545,071 to the Authority for sewage treatment. Payables of the Sewer Fund include \$42,427 due to the Authority. Complete financial statements can be obtained at Grand Haven City Hall (519 Washington Street).

The Township is also a member of the Northwest Ottawa Water System (NOWS). The purpose of NOWS is to acquire, construct, finance, operate, and maintain a water production facility. The participating communities (the Cities of Grand Haven and Ferrysburg, the Townships of Spring Lake and Grand Haven, the Village of Spring Lake, and the County of Ottawa) pay for water at a rate that is estimated to cover operation, maintenance, replacement, and debt service. In the current year, the Township paid \$636,975 to the plant to purchase water. Payables of the Water Fund include \$56,435 due to NOWS. Complete financial statements can be obtained at Grand Haven City Hall (519 Washington Street).

The governing documents of the Authority and NOWS do not explicitly convey an equity interest to its members. The Township is unaware of any indication that either joint venture is accumulating significant financial resources or is experiencing fiscal stress that may cause a benefit or burden on the Township in the near future.

NOTE 16 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to general liability, property and casualty, workers' compensation, and employee medical claims. The risks of loss arising from general liability up to \$5,000,000, property losses, workers' compensation, and employee medical costs are managed through purchased commercial insurance. For all risks of loss, there have been no significant reductions in insurance coverage from coverage provided in prior years. Also, in the past three years, settlements did not exceed insurance coverage.

NOTE 17 - CONSTRUCTION COMMITMENT

At year end, the Township has a construction contract, in the amount of \$379,388, for improvements to a non-motorized trail. Costs incurred on the project through March 31, 2018, amounted to \$319,721, leaving a commitment of \$59,667. The project is being funded by available funds within the Township's Bike Path Fund.

NOTE 18 - PENDING ACCOUNTING PRONOUNCEMENT

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the year ending March 31, 2019. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and expenses/expenditures related to other postemployment benefits (OPEB). For defined benefit OPEB plans, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The Statement also enhances accountability and transparency through revised note disclosures and required supplemental information. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the fiscal year beginning April 1, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

Spring Lake Township

BUDGETARY COMPARISON SCHEDULE - General Fund

Year ended March 31, 2018

| | <i>Original budget</i> | <i>Final budget</i> | <i>Actual</i> | <i>Variance with final budget positive (negative)</i> |
|--------------------------|----------------------------|-------------------------|------------------|---|
| REVENUES | | | | |
| Property taxes | \$ 654,700 | \$ 659,900 | \$ 660,312 | \$ 412 |
| Licenses and permits | 411,600 | 446,300 | 451,229 | 4,929 |
| State grants | 938,000 | 1,011,800 | 1,099,017 | 87,217 |
| Charges for services | 121,000 | 127,400 | 116,532 | (10,868) |
| Interest and rentals | 8,500 | 15,500 | 23,714 | 8,214 |
| Other | 4,600 | 84,700 | 134,071 | 49,371 |
| Total revenues | <u>2,138,400</u> | <u>2,345,600</u> | <u>2,484,875</u> | <u>139,275</u> |
| EXPENDITURES | | | | |
| General government: | | | | |
| Legislative | 20,300 | 29,100 | 25,836 | 3,264 |
| Supervisor | 63,700 | 64,600 | 66,119 | (1,519) |
| Manager | 159,700 | 162,500 | 160,689 | 1,811 |
| Elections | 10,000 | 3,000 | (315) | 3,315 |
| Assessor | 242,700 | 250,500 | 240,983 | 9,517 |
| Clerk | 170,000 | 177,400 | 166,956 | 10,444 |
| Finance | 165,400 | 170,500 | 159,817 | 10,683 |
| Treasurer | 37,700 | 40,700 | 36,784 | 3,916 |
| Cemetery | 174,900 | 197,400 | 156,876 | 40,524 |
| General administration | 90,500 | 143,900 | 135,056 | 8,844 |
| Fund administration fees | (315,800) | (315,800) | (315,800) | - |
| Total general government | <u>819,100</u> | <u>923,800</u> | <u>833,001</u> | <u>90,799</u> |
| Public safety: | | | | |
| Police protection | 175,700 | 175,700 | 167,522 | 8,178 |
| Code inspections | 176,100 | 206,100 | 211,299 | (5,199) |
| Total public safety | <u>351,800</u> | <u>381,800</u> | <u>378,821</u> | <u>2,979</u> |

Spring Lake Township

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended March 31, 2018

| | <u>Original budget</u> | <u>Final budget</u> | <u>Actual</u> | <u>Variance with final budget positive (negative)</u> |
|-------------------------------------|----------------------------|-------------------------|---------------------|---|
| EXPENDITURES | | | | |
| Public works: | | | | |
| Road maintenance | \$ 203,300 | \$ 205,300 | \$ 205,196 | \$ 104 |
| Drain maintenance | 8,000 | 28,000 | 28,011 | (11) |
| Total public works | <u>211,300</u> | <u>233,300</u> | <u>233,207</u> | <u>93</u> |
| Community and economic development | <u>186,400</u> | <u>226,400</u> | <u>212,520</u> | <u>13,880</u> |
| Recreation and culture | <u>270,300</u> | <u>317,150</u> | <u>288,337</u> | <u>28,813</u> |
| Capital outlay | <u>43,000</u> | <u>101,250</u> | <u>54,579</u> | <u>46,671</u> |
| Debt service - principal | <u>145,000</u> | <u>145,000</u> | <u>145,000</u> | <u>-</u> |
| Debt service - interest | <u>111,500</u> | <u>111,500</u> | <u>111,375</u> | <u>125</u> |
| Total expenditures | <u>2,138,400</u> | <u>2,440,200</u> | <u>2,256,840</u> | <u>183,360</u> |
| NET CHANGES IN FUND BALANCES | - | (94,600) | 228,035 | 322,635 |
| FUND BALANCES - BEGINNING | <u>1,212,867</u> | <u>1,212,867</u> | <u>1,212,867</u> | <u>-</u> |
| FUND BALANCES - ENDING | <u>\$ 1,212,867</u> | <u>\$ 1,118,267</u> | <u>\$ 1,440,902</u> | <u>\$ 322,635</u> |

Spring Lake Township

BUDGETARY COMPARISON SCHEDULE - Fire Fund

Year ended March 31, 2018

| | <i>Original budget</i> | <i>Final budget</i> | <i>Actual</i> | <i>Variance with final budget positive (negative)</i> |
|---|----------------------------|-------------------------|-------------------|---|
| REVENUES | | | | |
| Interest | \$ 100 | \$ 100 | \$ 1,136 | \$ 1,036 |
| Other: | | | | |
| Special assessments | 805,000 | 805,000 | 822,276 | 17,276 |
| Miscellaneous | <u>700</u> | <u>700</u> | <u>2,745</u> | <u>2,045</u> |
| Total revenues | 805,800 | 805,800 | 826,157 | 20,357 |
| EXPENDITURES | | | | |
| Public safety | <u>586,600</u> | <u>586,600</u> | <u>559,929</u> | <u>26,671</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | 219,200 | 219,200 | 266,228 | 47,028 |
| OTHER FINANCING USES | | | | |
| Transfers out - Fire Replacement Fund | <u>(175,000)</u> | <u>(175,000)</u> | <u>(175,000)</u> | <u>-</u> |
| NET CHANGES IN FUND BALANCES | 44,200 | 44,200 | 91,228 | 47,028 |
| FUND BALANCES - BEGINNING | <u>457,443</u> | <u>457,443</u> | <u>457,443</u> | <u>-</u> |
| FUND BALANCES - ENDING | <u>\$ 501,643</u> | <u>\$ 501,643</u> | <u>\$ 548,671</u> | <u>\$ 47,028</u> |

Spring Lake Township

BUDGETARY COMPARISON SCHEDULE - Harbor Transit Fund

Year ended March 31, 2018

| | <u>Original budget</u> | <u>Final budget</u> | <u>Actual</u> | <u>Variance with final budget positive (negative)</u> |
|-------------------------------------|----------------------------|-------------------------|---------------|---|
| REVENUES | | | | |
| Property taxes | \$ 408,049 | \$ 408,049 | \$ 408,049 | \$ - |
| EXPENDITURES | | | | |
| Recreation and culture | 408,049 | 408,049 | 408,049 | - |
| NET CHANGES IN FUND BALANCES | - | - | - | - |
| FUND BALANCES - BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES - ENDING | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Spring Lake Township

SCHEDULE OF FUNDING PROGRESS FOR THE POSTEMPLOYMENT HEALTHCARE PLAN

Year ended March 31, 2018

| <i>Valuation date, March 31,</i> | <i>Actuarial liability (AAL) (a)</i> | <i>Actuarial value of assets (b)</i> | <i>Unfunded AAL (UAAL) (a-b)</i> | <i>Funded ratio (b/a)</i> | <i>Covered payroll (c)</i> | <i>UAAL as a percentage of covered payroll ((a-b)/c)</i> |
|----------------------------------|--------------------------------------|--------------------------------------|----------------------------------|---------------------------|----------------------------|--|
| 2010 | \$ 914,084 | \$ - | \$ 914,084 | 0% | \$ 497,316 | 184% |
| 2011 | 803,663 | - | 803,663 | 0% | 518,269 | 155% |
| 2012 | 816,172 | - | 816,172 | 0% | 524,239 | 156% |
| 2013 | 966,799 | - | 966,799 | 0% | 521,641 | 185% |
| 2014 | 1,540,396 | - | 1,540,396 | 0% | 545,532 | 282% |
| 2015 | 827,353 | - | 827,353 | 0% | 545,340 | 152% |
| 2016 | 834,808 | - | 834,808 | 0% | 581,323 | 144% |
| 2017 | 923,798 | - | 923,798 | 0% | 559,969 | 165% |
| 2018 | 956,391 | - | 956,391 | 0% | 553,374 | 173% |

SUPPLEMENTARY INFORMATION

Spring Lake Township

COMBINING BALANCE SHEET - nonmajor governmental funds

March 31, 2018

| | <i>Special revenue funds</i> | | | | | <i>Capital project</i> | | <i>Totals</i> |
|--------------------------------------|------------------------------|------------------------|---------------|-----------------------|----------------------|------------------------|-------------------------|---------------------|
| | <i>Bike Path</i> | <i>Street Lighting</i> | <i>Museum</i> | <i>Harbor Transit</i> | <i>Aging Council</i> | <i>Cemetery</i> | <i>Fire Replacement</i> | |
| ASSETS | | | | | | | | |
| Cash | \$ 701,887 | \$ 311,805 | \$ - | \$ - | \$ - | \$ 374,058 | \$ 142,693 | \$ 1,530,443 |
| Receivables | 9,372 | 2,477 | - | - | - | 1,160 | - | 13,009 |
| Total assets | <u>\$ 711,259</u> | <u>\$ 314,282</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 375,218</u> | <u>\$ 142,693</u> | <u>\$ 1,543,452</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| Liabilities - payables | \$ 7,900 | \$ 10,392 | \$ - | \$ - | \$ - | \$ - | \$ 6,458 | \$ 24,750 |
| Fund balances: | | | | | | | | |
| Restricted for: | | | | | | | | |
| Public works | - | 303,890 | - | - | - | - | - | 303,890 |
| Capital replacement | 703,359 | - | - | - | - | - | 136,235 | 839,594 |
| Assigned for cemetery | - | - | - | - | - | 375,218 | - | 375,218 |
| Total fund balances | <u>703,359</u> | <u>303,890</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>375,218</u> | <u>136,235</u> | <u>1,518,702</u> |
| Total liabilities and fund balances | <u>\$ 711,259</u> | <u>\$ 314,282</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 375,218</u> | <u>\$ 142,693</u> | <u>\$ 1,543,452</u> |

Spring Lake Township

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

- nonmajor governmental funds

Year ended March 31, 2018

| | <u>Special revenue funds</u> | | | | | <u>Capital project</u> | <u>Totals</u> |
|--|------------------------------|------------------------|----------------|----------------------|-------------------|-------------------------|---------------------|
| | <u>Bike Path</u> | <u>Street Lighting</u> | <u>Museum</u> | <u>Aging Council</u> | <u>Cemetery</u> | <u>Fire Replacement</u> | |
| REVENUES | | | | | | | |
| Property taxes | \$ 333,063 | \$ - | \$ 173,861 | \$ 173,886 | \$ - | \$ - | \$ 680,810 |
| Intergovernmental | 80,315 | - | - | - | - | - | 80,315 |
| Charges for services | - | - | - | - | 28,485 | - | 28,485 |
| Interest | 918 | 814 | - | - | 2,263 | 173 | 4,168 |
| Other - assessments | - | 100,500 | - | - | - | - | 100,500 |
| Total revenues | <u>414,296</u> | <u>101,314</u> | <u>173,861</u> | <u>173,886</u> | <u>30,748</u> | <u>173</u> | <u>894,278</u> |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| Public works | - | 123,067 | - | - | - | - | 123,067 |
| Health and welfare | - | - | - | 173,886 | - | - | 173,886 |
| Recreation and culture | 122,910 | - | 173,861 | - | - | - | 296,771 |
| Capital outlay | 14,390 | - | - | - | - | 40,046 | 54,436 |
| Total expenditures | <u>137,300</u> | <u>123,067</u> | <u>173,861</u> | <u>173,886</u> | <u>-</u> | <u>40,046</u> | <u>648,160</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 276,996 | (21,753) | - | - | 30,748 | (39,873) | 246,118 |
| OTHER FINANCING SOURCES | | | | | | | |
| Transfers in | - | - | - | - | - | 175,000 | 175,000 |
| NET CHANGES IN FUND BALANCES | 276,996 | (21,753) | - | - | 30,748 | 135,127 | 421,118 |
| FUND BALANCES - BEGINNING | <u>426,363</u> | <u>325,643</u> | <u>-</u> | <u>-</u> | <u>344,470</u> | <u>1,108</u> | <u>1,097,584</u> |
| FUND BALANCES - ENDING | <u>\$ 703,359</u> | <u>\$ 303,890</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 375,218</u> | <u>\$ 136,235</u> | <u>\$ 1,518,702</u> |

Spring Lake Township

COMBINING STATEMENT OF ASSETS AND LIABILITIES - agency funds

March 31, 2018

| | <u>Tax Collection</u> | <u>Escrow</u> | <u>Totals</u> |
|---|---------------------------|-----------------|------------------|
| ASSETS | | | |
| Cash | \$ 3,744 | \$ 8,320 | \$ 12,064 |
| Due from other governmental units - State of Michigan | 697 | - | 697 |
| Due from others | 154 | - | 154 |
| | <u>154</u> | <u>-</u> | <u>154</u> |
| Total assets | <u>\$ 4,595</u> | <u>\$ 8,320</u> | <u>\$ 12,915</u> |
| LIABILITIES | | | |
| Delinquent tax collections due to local units: | | | |
| Spring Lake Schools | \$ 1,389 | \$ - | \$ 1,389 |
| Fruitport Schools | 99 | - | 99 |
| Ottawa Area ISD | 1,079 | - | 1,079 |
| Muskegon Area ISD | 41 | - | 41 |
| Ottawa County | 1,341 | - | 1,341 |
| Tri-cities Museum | 49 | - | 49 |
| Harbor Transit | 111 | - | 111 |
| Spring Lake Library | 436 | - | 436 |
| Four Pointes | 50 | - | 50 |
| Escrow deposits | - | 8,320 | 8,320 |
| | <u>-</u> | <u>8,320</u> | <u>8,320</u> |
| Total liabilities | <u>\$ 4,595</u> | <u>\$ 8,320</u> | <u>\$ 12,915</u> |

Spring Lake Township

**SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
\$992,635 2010 OTTAWA COUNTY WATER SYSTEM REFUNDING BONDS**

March 31, 2018

| <i>Fiscal period</i> | <i>Interest requirements</i> | | <i>Maturity date</i> | <i>Principal</i> | <i>Total requirements</i> |
|--------------------------|------------------------------|-------------------|--------------------------|-------------------|-------------------------------|
| | <i>May 1</i> | <i>November 1</i> | | | |
| 2019 | \$ - | \$ 4,362 | 5/1/18 | \$ - | \$ 4,362 |
| 2020 | 4,362 | 3,110 | 5/1/19 | 111,282 | 118,754 |
| 2021 | 3,110 | 1,637 | 5/1/20 | 117,959 | 122,706 |
| 2022 | <u>1,636</u> | <u>-</u> | 5/1/21 | <u>124,636</u> | <u>126,272</u> |
| | <u>\$ 9,108</u> | <u>\$ 9,109</u> | | <u>\$ 353,877</u> | <u>\$ 372,094</u> |

Spring Lake Township

**SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
\$840,000 2011 OTTAWA COUNTY SEWAGE DISPOSAL BONDS**

March 31, 2018

| <i>Fiscal period</i> | <i>Interest requirements</i> | | <i>Maturity date</i> | <i>Principal</i> | <i>Total requirements</i> |
|--------------------------|------------------------------|-------------------|--------------------------|-------------------|-------------------------------|
| | <i>September 1</i> | <i>March 1</i> | | | |
| 2019 | \$ 15,580 | \$ 15,580 | 3/1/19 | \$ 20,000 | \$ 51,160 |
| 2020 | 15,230 | 15,230 | 3/1/20 | 50,000 | 80,460 |
| 2021 | 14,355 | 14,355 | 3/1/21 | 55,000 | 83,710 |
| 2022 | 13,393 | 13,393 | 3/1/22 | 55,000 | 81,786 |
| 2023 | 12,430 | 12,430 | 3/1/23 | 55,000 | 79,860 |
| 2024 | 11,454 | 11,454 | 3/1/24 | 60,000 | 82,908 |
| 2025 | 10,344 | 10,344 | 3/1/25 | 60,000 | 80,688 |
| 2026 | 9,144 | 9,144 | 3/1/26 | 65,000 | 83,288 |
| 2027 | 7,803 | 7,803 | 3/1/27 | 65,000 | 80,606 |
| 2028 | 6,462 | 6,462 | 3/1/28 | 70,000 | 82,924 |
| 2029 | 4,975 | 4,975 | 3/1/29 | 70,000 | 79,950 |
| 2030 | 3,487 | 3,487 | 3/1/30 | 75,000 | 81,974 |
| 2031 | 1,800 | 1,800 | 3/1/31 | 80,000 | 83,600 |
| | <u>\$ 126,457</u> | <u>\$ 126,457</u> | | <u>\$ 780,000</u> | <u>\$ 1,032,914</u> |

Spring Lake Township

**SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
\$2,337,414 2011 SEWER CAPITAL IMPROVEMENT BONDS**

March 31, 2018

| <i>Fiscal period</i> | <i>Interest requirements</i> | | <i>Maturity date</i> | <i>Principal</i> | <i>Total requirements</i> |
|--------------------------|------------------------------|-------------------|--------------------------|---------------------|-------------------------------|
| | <i>October 1</i> | <i>April 1</i> | | | |
| 2019 | \$ 21,813 | \$ 21,813 | 4/1/19 | \$ 105,000 | \$ 148,626 |
| 2020 | 20,500 | 20,500 | 4/1/20 | 110,000 | 151,000 |
| 2021 | 19,125 | 19,125 | 4/1/21 | 115,000 | 153,250 |
| 2022 | 17,688 | 17,688 | 4/1/22 | 115,000 | 150,376 |
| 2023 | 16,250 | 16,250 | 4/1/23 | 120,000 | 152,500 |
| 2024 | 14,750 | 14,750 | 4/1/24 | 120,000 | 149,500 |
| 2025 | 13,250 | 13,250 | 4/1/25 | 125,000 | 151,500 |
| 2026 | 11,688 | 11,688 | 4/1/26 | 125,000 | 148,376 |
| 2027 | 10,125 | 10,125 | 4/1/27 | 130,000 | 150,250 |
| 2028 | 8,500 | 8,500 | 4/1/28 | 130,000 | 147,000 |
| 2029 | 6,875 | 6,875 | 4/1/29 | 135,000 | 148,750 |
| 2030 | 5,188 | 5,188 | 4/1/30 | 135,000 | 145,376 |
| 2031 | 3,500 | 3,500 | 4/1/31 | 140,000 | 147,000 |
| 2032 | 1,750 | 1,750 | 4/1/32 | 140,009 | 143,509 |
| | <u>\$ 171,002</u> | <u>\$ 171,002</u> | | <u>\$ 1,745,009</u> | <u>\$ 2,087,013</u> |

Spring Lake Township

SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -

\$577,680 2013 GRAND HAVEN - SPRING LAKE SEWER AUTHORITY BONDS

March 31, 2018

| <i>Fiscal period</i> | <i>Interest requirements</i> | | <i>Maturity date</i> | <i>Principal</i> | <i>Total requirements</i> |
|--------------------------|------------------------------|------------------|--------------------------|-------------------|-------------------------------|
| | <i>July 1</i> | <i>January 1</i> | | | |
| 2019 | \$ 7,165 | \$ 6,953 | 7/1/18 | \$ 21,165 | \$ 35,283 |
| 2020 | 6,953 | 6,729 | 7/1/19 | 22,410 | 36,092 |
| 2021 | 6,729 | 6,493 | 7/1/20 | 23,655 | 36,877 |
| 2022 | 6,493 | 6,231 | 7/1/21 | 26,145 | 38,869 |
| 2023 | 6,231 | 5,957 | 7/1/22 | 27,390 | 39,578 |
| 2024 | 5,957 | 5,621 | 7/1/23 | 29,880 | 41,458 |
| 2025 | 5,621 | 5,136 | 7/1/24 | 32,370 | 43,127 |
| 2026 | 5,136 | 4,631 | 7/1/25 | 33,615 | 43,382 |
| 2027 | 4,631 | 4,090 | 7/1/26 | 36,105 | 44,826 |
| 2028 | 4,090 | 3,511 | 7/1/27 | 38,595 | 46,196 |
| 2029 | 3,511 | 2,895 | 7/1/28 | 41,085 | 47,491 |
| 2030 | 2,895 | 2,241 | 7/1/29 | 43,575 | 48,711 |
| 2031 | 2,241 | 1,531 | 7/1/30 | 47,310 | 51,082 |
| 2032 | 1,531 | 784 | 7/1/31 | 49,800 | 52,115 |
| 2033 | 785 | - | 7/1/32 | 52,290 | 53,075 |
| | <u>\$ 69,969</u> | <u>\$ 62,803</u> | | <u>\$ 525,390</u> | <u>\$ 658,162</u> |

Spring Lake Township

**SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
\$3,500,000 2015 GENERAL OBLIGATION BONDS**

March 31, 2018

| <i>Fiscal period</i> | <i>Interest requirements</i> | | <i>Maturity date</i> | <i>Principal</i> | <i>Total requirements</i> |
|--------------------------|------------------------------|-------------------|--------------------------|---------------------|-------------------------------|
| | <i>November 1</i> | <i>May 1</i> | | | |
| 2019 | \$ 52,100 | \$ 54,350 | 5/1/18 | \$ 150,000 | \$ 256,450 |
| 2020 | 49,850 | 52,100 | 5/1/19 | 150,000 | 251,950 |
| 2021 | 47,525 | 49,850 | 5/1/20 | 155,000 | 252,375 |
| 2022 | 45,200 | 47,525 | 5/1/21 | 155,000 | 247,725 |
| 2023 | 42,800 | 45,200 | 5/1/22 | 160,000 | 248,000 |
| 2024 | 40,400 | 42,800 | 5/1/23 | 160,000 | 243,200 |
| 2025 | 37,925 | 40,400 | 5/1/24 | 165,000 | 243,325 |
| 2026 | 35,450 | 37,925 | 5/1/25 | 165,000 | 238,375 |
| 2027 | 32,900 | 35,450 | 5/1/26 | 170,000 | 238,350 |
| 2028 | 30,275 | 32,900 | 5/1/27 | 175,000 | 238,175 |
| 2029 | 27,575 | 30,275 | 5/1/28 | 180,000 | 237,850 |
| 2030 | 24,800 | 27,575 | 5/1/29 | 185,000 | 237,375 |
| 2031 | 21,000 | 24,800 | 5/1/30 | 190,000 | 235,800 |
| 2032 | 17,100 | 21,000 | 5/1/31 | 195,000 | 233,100 |
| 2033 | 13,000 | 17,100 | 5/1/32 | 205,000 | 235,100 |
| 2034 | 8,800 | 13,000 | 5/1/33 | 210,000 | 231,800 |
| 2035 | 4,500 | 8,800 | 5/1/34 | 215,000 | 228,300 |
| | - | 4,500 | 5/1/35 | 225,000 | 229,500 |
| | <u>\$ 531,200</u> | <u>\$ 585,550</u> | | <u>\$ 3,210,000</u> | <u>\$ 4,326,750</u> |

Spring Lake Township

**SCHEDULE OF DEBT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS -
\$5,197,708 2016 OTTAWA COUNTY WATER SYSTEM REFUNDING BONDS**

March 31, 2018

| <i>Fiscal period</i> | <i>Interest requirements</i> | | <i>Maturity date</i> | <i>Principal</i> | <i>Total requirements</i> |
|--------------------------|------------------------------|---------------------|--------------------------|---------------------|-------------------------------|
| | <i>May 1</i> | <i>November 1</i> | | | |
| 2019 | \$ - | \$ 112,437 | 5/1/18 | \$ - | \$ 112,437 |
| 2020 | 112,437 | 97,302 | 5/1/19 | 44,005 | 253,744 |
| 2021 | 97,302 | 96,939 | 5/1/20 | 18,119 | 212,360 |
| 2022 | 96,939 | 95,438 | 5/1/21 | 75,067 | 267,444 |
| 2023 | 95,438 | 90,675 | 5/1/22 | 238,142 | 424,255 |
| 2024 | 90,675 | 85,653 | 5/1/23 | 251,084 | 427,412 |
| 2025 | 85,653 | 80,476 | 5/1/24 | 258,850 | 424,979 |
| 2026 | 80,476 | 75,092 | 5/1/25 | 269,204 | 424,772 |
| 2027 | 75,092 | 69,502 | 5/1/26 | 279,558 | 424,152 |
| 2028 | 69,502 | 62,253 | 5/1/27 | 289,912 | 421,667 |
| 2029 | 62,253 | 54,553 | 5/1/28 | 308,031 | 424,837 |
| 2030 | 54,553 | 46,528 | 5/1/29 | 320,974 | 422,055 |
| 2031 | 46,528 | 38,116 | 5/1/30 | 336,505 | 421,149 |
| 2032 | 38,116 | 29,250 | 5/1/31 | 354,624 | 421,990 |
| 2033 | 29,250 | 19,996 | 5/1/32 | 370,156 | 419,402 |
| 2034 | 19,996 | 10,225 | 5/1/33 | 390,864 | 421,085 |
| 2035 | 10,225 | - | 5/1/34 | 408,983 | 419,208 |
| | <u>\$ 1,064,435</u> | <u>\$ 1,064,435</u> | | <u>\$ 4,214,078</u> | <u>\$ 6,342,948</u> |